

**Contacts:**

Nishma Shah / Anna Digby-Bell (UK and Europe)  
Telephone: +44 207 072 4000  
[nshah@gciuk.com](mailto:nshah@gciuk.com)

Michael McNamara (US & Canada)  
+1 212 314 8281  
[michael.mcnamara@capgemini.com](mailto:michael.mcnamara@capgemini.com)

## **WORLD INSURANCE REPORT: CUSTOMER SATISFACTION IS NO GUARANTEE OF LOYALTY**

***To Retain Profitable Clients Insurers Must Master their Enterprise Data  
to Segment and Understand Customers Better***

***Insurers who Support Distributors with Easy Data Access and Updated Tools  
Deliver More Value to Customers***

---

**NEW YORK (January 23, 2006)** – A satisfied insurance customer isn't necessarily a loyal one, according to the first World Insurance Report, a groundbreaking international study of over 10,000 insurance customers, insurers and distributors released by Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services and the European Financial Management & Marketing Association (EFMA) today.

The report findings indicate that customer satisfaction does not equate with customer loyalty. While very few customers surveyed in the report expressed outright dissatisfaction over either the type or quantity of interactions they have with insurers or agents, almost 40 percent of non-life insurance customers switched providers in the last five years.

“Rising Internet use is increasing transparency in the industry, providing customers with better access to information on product specifications and pricing — and increased bargaining power. As a result, customers have become more self sufficient, price-sensitive and less loyal,” said Bertrand Lavayssière, managing director, Capgemini Global Financial Services. “To serve

informed customers better and stem the loss of profitable customers, insurers will need to hone their customer retention strategies and achieve a comprehensive yet discerning view of what it is specifically that customers' value."

To improve their ability to more effectively meet customers' needs and ultimately attain profitable growth and customer retention, the report concludes that insurers must seek to gain an understanding of the precise drivers of retention – and fully partner with their distributors to generate added value for their customers.

### **Customers Rarely Interact with Primary Insurers**

The challenge for insurers who want to improve customer relationships is that distributors – unlike most financial services companies – rarely interact with customers directly, making it difficult for them to gain valuable consumer insights. In fact, the study found that 71 percent of customers never or rarely (only once per year) interact with their principal distributor. To put those numbers in perspective, consumers typically interact with their banks more than 200 times a year.

The availability of information and ease of internet use is further segregating and distancing the insurance customer base (both across and within geographies). "Because they so rarely have the opportunity to speak with their customers, the key for insurers and distributors is to understand each interaction's value with the customer. Insurers need to understand how customers fit into a segment and how those segments are uniquely dynamic in the shopping, buying, servicing, expansion and claim phases of the insurance customer life cycle. Carriers who seek to support a wide array of customers should look to optimize their customer interaction opportunities to deliver the right transactions and monitor those transactions for results in increased penetration, profitability and loyalty," said Lavayssi  re.

### **Distributors Seeking More Data and Partnerships with Insurers**

Of the distributors interviewed for the report, two thirds said they believe they could get customers to increase their financial services spend if insurers would provide them with better data and tools. Only 27 percent of the surveyed distributors said they are currently well positioned to tap into the full potential of their existing customer base.

“Many of the distributors we interviewed told us they believe they’re missing significant opportunities to grow their business and could more effectively tap into the full potential of their customers if they had access to more complete customer insights and better tools and services,” said John Mullen, Vice President, Capgemini Insurance. “This demonstrates that insurers can – and should – partner more closely with their distribution force to allow distributors to focus on growing their business, while managing transactional activities more effectively. Such an approach would enable the much-desired focus on more value-add, needs-based selling and service across the entire life cycle of the customer. The most innovative insurers today are shifting from a fixed products model to a more adaptive, needs-based product and sales model, which enables them to fine-tune their offerings according to the changing demands of their customers.”

John Mullen added: “Insurers who have the ability to understand and segment distributors in a meaningful way will have a significant competitive edge. The alignment of enterprise activities to support distributor needs will enable distributors to deepen their customer relationships and effectively align more appropriate products to a broader spectrum of life needs – ultimately extending customer satisfaction into customer loyalty.”

### **Harnessing Customer Data**

According to the report findings, many insurers struggle with obtaining the right customer data, making it difficult to optimize customer relationships, refine products and support growth objectives. New technology can help ease the pain.

“Leading insurers and distributors are achieving a more comprehensive view of the customer and leveraging analytics via new technology tools that focus on customer data analytics, financial management, predictive modelling, automated monitoring, campaign, lead and contact management, and customized views, alerts and notifications – all of which makes insurers more competitive and able to stem loss of profitable clients,” concluded John Mullen.

### **Regional Snapshots: Overview**

The World Insurance Report focused on the seven countries that together account for more than 60 percent of all direct insurance premiums written in the world: France, Germany, Italy, the Netherlands, Spain, the United Kingdom and the United States. Though insurers, customers, and

distributors in all of these nations shared many perspectives on key insurance issues, they often had disparate views. The following regional snapshots provide a glimpse of their opinions.

### **France**

When buying insurance, French customers place less emphasis on price but more on service than their global counterparts. According to the report, only 39 percent of French customers said price was their primary purchasing criteria, compared to 54 percent globally. Meanwhile, France has the highest percentage of customers (15 percent) that rate "service" as a key purchasing criteria, compared to the global average (9 percent). Other key findings in the report, included:

- Switching in the French market is low at 31 percent in non-life and 10 percent in life, likely due to both regulations inhibiting switching providers and the longevity of most customer/distributor relationships.
- French distributors see themselves as being well-positioned in the market to increase customer share of wallet, but desire increased training from insurance companies to remain competitive.
- French distributors view banks as the biggest channel threat, with 83 percent of distributors viewing banks as a threat, compared to the global average of 55 percent.

### **Regional Snapshot: Germany**

German distributors see banks as a greater threat than other countries, but are less concerned with other distribution channels threatening their markets. In fact, 66 percent of German distributors viewed bancassurance as a primary threat, compared to 55 percent globally, but only 59 percent see the Internet as a threat, significantly less than the 74 percent reported globally. In addition, just 19 percent of German distributors see direct channels as a threat, compared to the global average of 27 percent.

- German insurance customers applaud the Internet over basic service. In fact, the report found that 73 percent of German customers are satisfied with the Internet, compared to only 67 percent globally. At the same time, German customers are least satisfied with basic service (50 percent), 9 percent lower than the global average of 59 percent.

### **Regional Snapshot: Italy**

Italian customers meet with their insurers more frequently than any of the other customers in the countries surveyed. These multiple interactions provide Italian insurers and distributors key

opportunities to strengthen and expand relationships with Italian customers not easily available to insurers and distributors in other countries

- 51 percent of Italian customers meet with their insurers two times a year or more (compared to just 29 percent globally).
- Italian customers report being focused on quality of advice (21 percent) and availability (21 percent) when determining satisfaction, and purchase on price (25 percent), product specifications (22 percent) and advice (18 percent) when purchasing.
- To capitalize on customer interactions, retain and expand customer relationships, distributors believe developing the best possible relationship with insurers is essential:
  - 76 percent of Italian distributors reported they could best tap into their customers' full potential with increased service support from their insurers (vs. 29 percent globally), and they further reported that receiving training on product sales techniques would also help them to best tap into their customers' full potential (72 percent vs. 39 percent globally).

### **Regional Snapshot: Netherlands**

The Dutch market shows that fewer interactions do not necessarily mean lack of customer loyalty. At 10 percent, life customer switching in the Netherlands is the lowest of any region. At the same time, customers in the Netherlands report the highest levels of satisfaction in all of their interactions with insurers; in the case of the Netherlands a few good interactions works.

- Only 26 percent of Dutch non-life customers have switched providers in the past five years, compared to the 39 percent global average.
- Only 17 percent report planning to leave their insurer in the next five years, compared to 25 percent globally for non-life.
- Among customer interaction options, 83 percent of Dutch customers say they're satisfied with Internet, vs. 67 percent globally; 80 percent agent satisfaction vs. 74 percent globally; 80 percent claim satisfaction vs. 69 percent globally, 79 percent bank satisfaction vs. 61 percent globally; and 74 percent basic customer service satisfaction vs. 59 percent globally.

### **Regional Snapshot: Spain**

Distributors in Spain ranked brand higher than any other country surveyed in terms of its use as an insurance purchase criteria. In fact, 39 percent of Spanish distributors noted the importance they believe brand plays in customer purchasing decisions, compared to only 24 percent globally.

- Meanwhile, only 12 percent of Spanish distributors ranked service as a primary factor compared to the global average of 34 percent.
- Spanish customers also rate product specifications as a key criteria for satisfaction (26 percent vs. 16 percent globally) and place the least importance on quality of advice (14 percent compared to 21 percent globally).
- Spanish customers reported very few interactions with their insurers as 78 percent reported fewer than two interactions per year (compared to 71 percent globally).

### **Regional Snapshot: United Kingdom**

Increasingly, UK consumers see simple non-life products as commodities to be purchased at the lowest price. This behavior is reinforced by the highest demonstrated tendency to buy products online (46 percent non-life vs. global average of 24 percent) and they are most satisfied with the internet experience (78 percent – compared to a global average of 66 percent.)

UK customers are also more likely to shop around, seeking to secure a lower price at the annual renewal point irrespective of the level of service received: 63 percent have changed non-life insurance provider in the past 5 years – compared to the global average of 39 percent

For more complex products, independent intermediaries occupy a strong position, but they are perceived within the sector to be reinforcing the high switching level. The high level of intermediation leads to a low level of direct contact between insurers and customers, with 92 percent of customer having less than two contacts per year – compared with a global average of 71 percent.

### **Regional Snapshot: United States**

Overall customer satisfaction is highest in the United States, which also has the second lowest percentage of customers who have switched insurance providers in the past five years. Only 31 percent of US customers changed non-life insurance providers in the past five years (compared to 39 percent globally).

Meanwhile, American customers reported high satisfaction levels:

- 82 percent satisfaction with agents, compared to 74 percent globally
- 79 percent claims processing vs. 69 percent globally
- 77 percent basic customer service against 59 percent globally

### **About the Survey**

Capgemini and EFMA's World Insurance Report explores how insurers can achieve sustainable growth in an increasingly competitive marketplace. It examines how insurers are building and utilizing customer intelligence, and leveraging their distribution networks, to hone pricing and product strategies, identify, acquire and retain high-value customers, and attain business goals profitably even in mature markets.

Readers will learn how, with the help of technology, insurers are developing true relationships with customers and distributors, and creating a differentiated proposition to the benefit of all stakeholders. Based on comprehensive research, including 10,000 customer surveys and in-depth interviews with 350 distributors and 50 insurance executives, the World Insurance Report draws from data covering seven key insurance markets: France, Germany, Italy, the Netherlands, Spain, the U.K. and the U.S.

### **About EFMA**

The European financial management and marketing association (Efma) is the leading association of banks, insurance companies and financial institutions throughout Europe. Efma promotes innovation and best practices in retail finance by fostering debate and discussion among peers supported by a robust array of information services and numerous opportunities for direct encounters. Efma was formed in 1971 and gathers today more than 2,000 different brands in financial services worldwide, including 80% of the largest European banking groups.

### **About Capgemini**

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, which it calls the Collaborative Business Experience. Through commitment to mutual success and the achievement of tangible value, Capgemini helps businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 61,000 people worldwide and reported 2005 global revenues of 6,954 million euros.

For more information about individual service lines, offices and research is available at  
[www.capgemini.com](http://www.capgemini.com) or for a copy of the 2006 World Insurance Report visit  
[www.capgemini.com/worldinsurancereport](http://www.capgemini.com/worldinsurancereport)